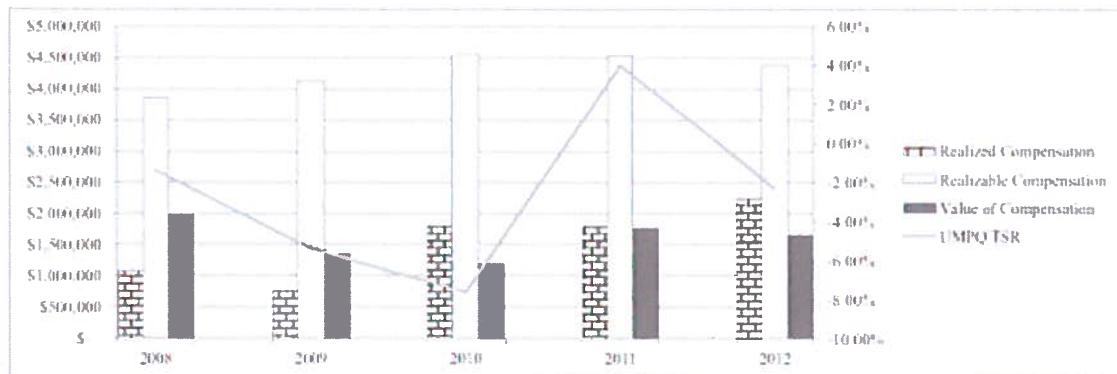


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The following chart illustrates the connection between our CEO's Realized Compensation, Realizable Compensation, and the Actual Value (defined below) of his compensation (not including the Change in Pension Value) and Umpqua's TSR over the period from January 1, 2008 through December 31, 2012.



	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12
UMPQTSR	-1.42%	-5.42%	-7.65%	4.02%	-2.27%

Realized Compensation includes salary, bonus, non-equity incentive compensation, and all other compensation, as reported in the *Summary Compensation Table*. It also includes the value of options and awards exercised and the value of vested and released stock awards, as disclosed in the *Option Exercises and Stock Vested Table*. The board believes Realized Compensation better measures compensation for the current annual period as compared to the *Summary Compensation Table*, which includes the accounting value of awards and options issued in the period, but which may or may not be realized in the future.

Realizable Compensation is *Realized Compensation* plus the unrealized value of outstanding in-the-money options and stock awards based on the closing price of the Company stock at year-end. As the unrealized value may or may not be realized in the future, and may be realized in various future annual periods, the board believes *Value of Compensation* is a better measure of compensation for an annual period.

Value of Compensation is *Realized Compensation* plus the change in the unrealized value of outstanding in-the-money options and stock awards used in the *Realizable Compensation* value during the year. The board believes *Value of Compensation* accurately reflects the economic value of compensation to the executive for each period.

In the chart above, we exclude the Change in Pension Value from the *Summary Compensation Table* amount because that represents the GAAP accrual for the CEO's Supplemental Executive Retirement Plan (SERP) account, which was first established by contract entered into in 2003. The Compensation Committee cannot influence that accrual and does not consider it when benchmarking the CEO's compensation; however, the Committee does consider the SERP benefit when looking at the overall compensation package and whether to exercise negative discretion.

In 2012, the Company achieved the following results, compared with prior periods:

Financial Metric	12/31/12	12/31/11	12/31/10
Operating earnings per diluted share	\$ 0.93	\$ 0.66	\$ 0.12
Non-covered, non-performing assets to total assets ratio	0.75%	1.09%	1.53%
Non-covered loans at FYE (000's)	\$ 6,681,080	\$ 5,888,098	\$ 5,658,987
Deposits at FYE (000's)	\$ 9,379,275	\$ 9,236,690	\$ 9,433,805
Dividends declared per share	\$ 0.34	\$ 0.24	\$ 0.20
Total risk based capital ratio	16.5%	17.2%	17.6%
Available liquidity to total assets ratio	37%	41%	41%